

Sustainability

What sustainability means to us

Minimum risk, maximise value

Our purpose is to provide high-quality drinking water and to take care of our environment, for our communities now and in the future. This is at the heart of what sustainability means to us and how we can add value to society.

To address sustainability within our business, we use the environmental, social and governance ('ESG') themes to understand both risk and the opportunity to add value.

We established our ESG initiative with two clear objectives:

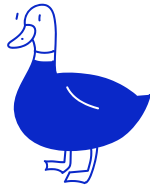
- To manage ESG risk
- To demonstrate the multi-capital value of our business



ESG topics are our business topics, relevant to us all

Environment

Stewarding and protecting natural environment resources/assets



- Biodiversity and land management plans
- Pollution prevention
- Environmental Policy
- Energy efficiency programmes
- Solar energy generation
- GHG reporting
- Net zero strategy
- Sustainable abstraction
- Water Resources Management Plan
- Waste reduction targets
- Water demand targets
- Climate change adaptation and resilience
- Supply chain and carbon accounting
- INNS scheme

Social

Our culture and engagement with employees, customers, communities and stakeholders



- Community partnerships
- Public value creation and voluntary initiatives
- Affordability and cost of living social tariffs
- Community disputes (trust and transparency)
- Customer satisfaction (C-MeX)
- Employee engagement surveys
- Equality, diversity and inclusion commitments
- Wellbeing webinars
- Labour standards and working conditions
- Stakeholder relations
- H&S and wellbeing (employees, customers and communities)
- Affinity Days (employee volunteering)
- Charitable contributions

Governance

How the company operates and governs



- Board composition and independence
- Committees composition and independence
- Code of Conduct and anti-bribery and corruption
- Data protection and privacy
- Cyber security
- Risk Framework
- Modern slavery and human trafficking
- Executive compensation
- Ethics and Compliance Panel
- Legal Panel
- Lobbying activities
- Whistleblower protection
- Procurement

Sustainability continued

Our local communities and environment are critical to us, but we also have an important role to play regionally and as part of the global water community.

Which is to take action and raise awareness on issues that affect us all, for example, the impacts of climate change, the need for energy and the need for a positive relationship with nature. We've chosen to reference the UN's Sustainability Goals within our reporting to reflect this broader sustainability context and our responsibility for being part of the solution.


To understand our value, we take a multi-capitals approach to our business; understanding the natural, human, social, manufactured, intellectual and financial assets in our business. You can find out more about our multi-capital approach on page 38.

This framework for sustainability enables alignment with Ofwat's Public Value Principles and underpins the culture of our business, how we plan, make decisions, treat our people, support and provide for our customers, and invest for a long-term sustainable supply of water.

VALUE CREATION, PRESERVATION OR EROSION OVER TIME

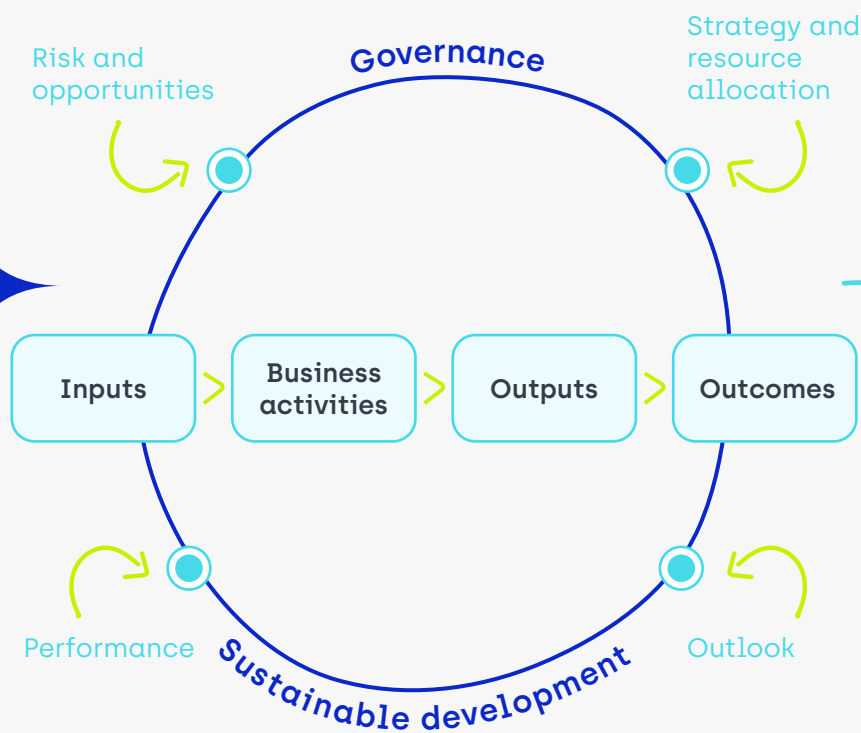
Inputs (Capitals)

Capitals are the inputs to our business that we transform through our decision-making process and operating activities into our strategic outcomes.

-  Financial
-  Manufactured
-  Intellectual
-  Human
-  Social & Relationship
-  Natural

Purpose and vision

We supply high-quality drinking water and take care of our environment, for our communities now and in the future.





Financial capital – our financial health and efficiency



Manufactured capital – our above-ground and underground infrastructure e.g. pipes and offices



Natural capital – our environmental resources, both renewable and non-renewable e.g. water and biodiversity



Human capital – our people and their capabilities and wellbeing



Intellectual capital – our knowledge, intellectual property, patents, rights, and organisational systems and protocols



Social capital – our relationships with our customers and communities

Outputs (Capitals)

Positive and negative over the short, medium and long term.



Financial



Manufactured



Intellectual



Human



Social & Relationship



Natural

UN Sustainable Development Goals

Our outputs are aligned with the UN Sustainable Development Goals.



Sustainability continued

Our alignment to the UN SDGs

The United Nations SDGs ('UNSDGs') are a blueprint for achieving a better and more sustainable future for all. The 17 related goals address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, innovation and responsible consumption. However, there are nine UNSDGs where we believe our contribution is particularly aligned, and these influence our thinking.

To focus our priorities on the most-material issues for our stakeholders and business, we use a materiality assessment to understand what our customers and stakeholders expect and the potential opportunities for us to create value in that area.

